

OICCI issues tax proposals for budget

KARACHI: The Overseas Investors Chamber of Commerce and Industry (OICCI) on Thursday proposed to harmonise tax collection and improve documentation as part of its recommendations for FY21 budget to promote ease of doing business, increase investment and broaden the tax base.

“The existing tax legislation, and more so its enforcement, based on years of experience, is very cumbersome and a serious deterrent in boosting the tax to GDP ratio to a reasonable level,” said the OICCI in its 68-page Taxation Proposals for 2020-21 Fiscal Budget document.

In order to promote ease of doing business, the chamber recommended the government to consolidate federal taxes including income tax, Workers Welfare Fund and Workers Profit Participation Fund in one to make the system more efficient.

Moreover, it suggested the government to revamp the withholding tax regime by reducing it to a maximum of five rates while differentiating on the basis of active and inactive taxpayers only.

It also emphasises the need to rationalise sales tax rates - federal and provincial, both on goods and services, in line with the 13 per cent charged in Sindh.

To incentivise new investments, the government must extend tax credits for promoting long-term investments plans, reduce withholding tax on imports to 2pc from existing 5.05pc and synchronise sales tax rates and policies across all jurisdictions and sectors.

“All income earners should get themselves registered and obtain a proper national tax number (NTN). The Federal Board of Revenue should immediately implement the recommendations of the Tax Reforms Commission,” said the OICCI.